

# How Do Private Student Loans Work?

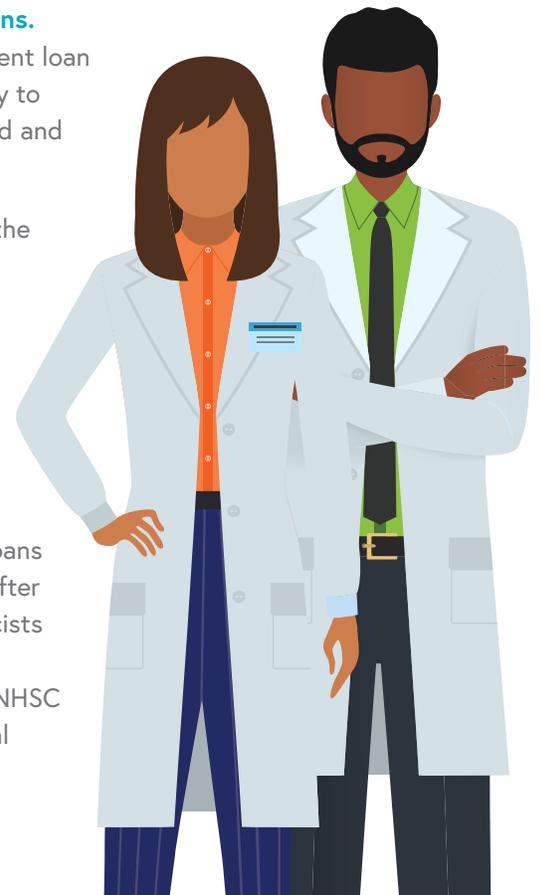
## Key Facts About Private Student Loans

There are various ways to pay for pharmacy school such as grants, scholarships, savings, and federal student loans. Federal loan limits for undergraduate students (individuals with less than 72 hours of college credit) differ from those classified as graduate and professional students. If these funding options don't cover the full cost of your education, you may want to consider private student loans. [But what are they? And how do they work?](#)

The American Association of Colleges of Pharmacy (AACP) has partnered with College Ave Student Loans to help you understand the key facts about how private student loans work.

### 5 FACTS ABOUT HOW PRIVATE STUDENT LOANS WORK

- 1. Provide gap funding for college.** Before taking out private student loans, you should first use the Free Application for Federal Student Aid (FAFSA) application to apply for federal student loans in the student's (your) name. Federal student loans offer the benefit of a low fixed interest rate, but also limit how much money you can borrow per year based on your status (undergraduate student vs. professional/graduate student). If you have exhausted all other funding options and have borrowed the maximum amount allowed by the federal student loan programs, private student loans can cover the financial gap.
- 2. May require a cosigner.** Private student loans are issued by private banks or financial institutions and require a credit and income check to determine the borrower's ability to pay back the loan. Some students, particularly undergraduate students, may not have an established credit history and will need a parent or guardian to cosign the loan for them.
- 3. The interest rate is determined by the lender and your credit qualifications.** Each private student loan provider sets their own interest rates. Private student loan interest rates are determined by each applicant's creditworthiness and ability to pay back the debt. Applicants are also typically able to choose between fixed and variable interest rates.
- 4. Repayment plans vary.** Federal student loans have repayment plans set by the government and generally require loans to be paid back within 10 years of graduation. Private student loans may offer a variety of flexible repayment plans depending on the lender. College Ave Student Loans, for example, has repayment plans ranging from 5 years to 15 years for undergraduate students and provides students with the option of making payments while they are still enrolled or waiting until after graduation. Graduate pharmacy students can choose up to 20 years.
- 5. Loan forgiveness programs don't exist for private loans.** Private student loans don't have forgiveness programs that help you eliminate your student debt after working for a certain amount of time in a particular setting. Student pharmacists who are interested in federal loan repayment programs and working for the National Health Services Corps (NHSC) after graduation should explore the NHSC Substance Use Disorder Workforce Loan Repayment Program and NHSC Rural Community Loan Repayment Program.



## CHOOSING A PRIVATE STUDENT LOAN

Before securing a private student loan to help pay for pharmacy school, here are a few tips:



**Research.** Research private student loan lenders first. Choose one that has a repayment program that works for your financial situation.



**Shop for rates.** To compare interest rates, apply to multiple lenders to shop for the best rates and terms.

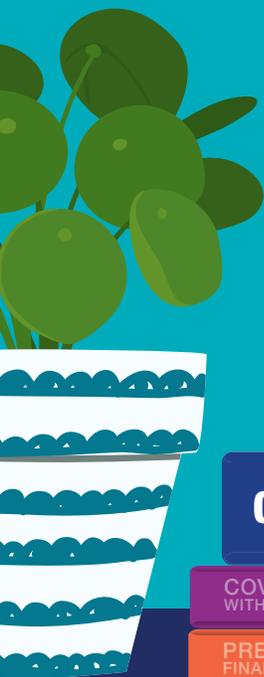


**Apply.** To apply for a private loan, you will need your contact information, social security number, the institution you are or will be attending, and how much you need to borrow. You will also need your cosigner's information to complete the application.



**Accept and sign the loan terms.** After selecting the private student loan best for you, accept and sign the loan terms.

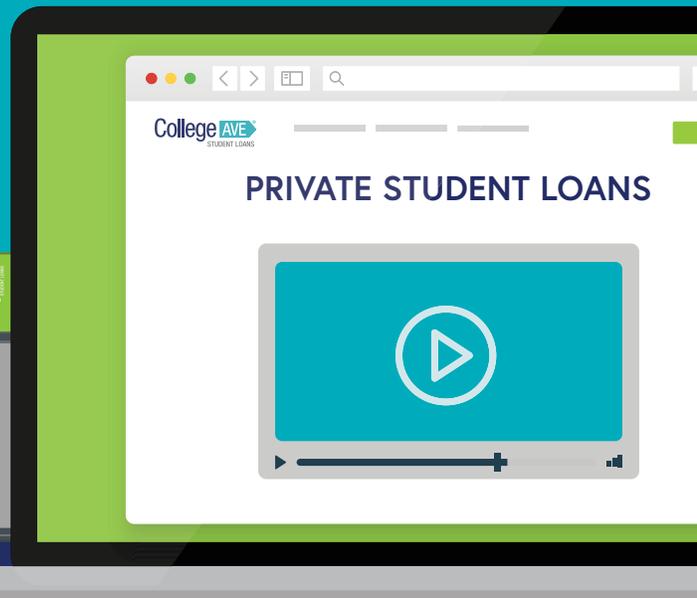
After you complete the steps above, your loan provider will make sure your loan is certified by your institution before sending the funds to the institution. Then, your financial obligations for the term will be met and you will be ready to start classes!



**COLLEGE** Budget Planner

COVERING YOUR REMAINING COSTS  
WITH A PRIVATE STUDENT LOAN TIPS TO MAKE IT EASIER

PREPARING YOUR KIDS FOR COLLEGE:  
FINANCIAL TIPS



Ready to apply? Check out College Ave Student Loans for great private student loan rates.

[collegeave.com/aacp](https://collegeave.com/aacp)

American Association of Colleges of Pharmacy **AACP**

**College AVE**  
STUDENT LOANS